

# Office of Attorney General Terry Goddard



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**FOR IMMEDIATE RELEASE**

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## **Western Union Agrees to Warn Consumers About Fraudulent Money Transfers**

(Phoenix, Ariz. – Nov. 14, 2005) Attorney General Terry Goddard today announced an agreement with Western Union Financial Services, Inc., which will address concerns about the company's wire transfer services by fraudulent telemarketers.

Goddard joined Attorneys General representing 46 other states and the District of Columbia in this agreement. The accord calls for Western Union to fund an \$8.1 million national consumer awareness program, and to provide consumer warnings on the forms completed by customers using its wire transfer services. Western Union is a wholly-owned subsidiary of First Data Corporation, based in Greenwood Village, Colorado.

The agreement addressed the high number of "fraud-induced transfers," money wired by consumers to fraudulent telemarketers and other scam artists. For example, some telemarketers use a "lottery" scam, in which they tell consumers they have won a large sum of money but must pay taxes or other charges in order to claim the winnings. The victims are then directed to send the money by wire because wire transfers are fast, there are transfer agents in most communities and funds can be picked up in multiple locations.

"The warning Western Union is placing on its documents is clear and prominent," Goddard said. "It will help consumers protect themselves. We need 'third parties' like Western Union, and other financial institutions, including banks, to help us fight consumer fraud."

The problem of fraud-induced transfers is substantial. Based on a survey conducted by seven states, it was estimated that over 29 percent of Western Union transfers in excess of \$300 from the U.S. to Canada were fraud-induced, representing 58 percent of the total dollars transferred and an average of over \$1500 per transfer. Total American consumer losses to Canada in the year 2002 alone were estimated at \$113 million.

The agreement reached with the Attorneys General and Western Union requires:

- Western Union to place prominent warnings to consumers about the dangers of fraud-induced wire transfers. The warnings must be in English and Spanish, and appear on a new front page of Western Union's Send Form. Comparable warnings are required for telephone and Web transfers.
- Western Union to pay \$8.1 million over five years for national peer-counseling programs to be overseen by the AARP Foundation and designed to reach at least three million consumers.
- Western Union to reimburse the amount of any transfer, plus fees, to any consumer who requests, prior to pickup, that a transfer be stopped and who reasonably claims that the transfer was fraud-induced.
- Western Union to send monthly anti-fraud emails to its agents, revise the company's agent training video and manual, and provide enhanced training to agents with elevated fraud levels at their locations.
- Western Union to terminate agents who are involved in fraud and suspend or terminate agents who do not take reasonable steps requested by WU to reduce fraud.
- Western Union to block wire transfers from specific consumers or to specific recipients when Western Union receives information from a state that there is reason to believe that fraud will occur, until such time as the consumer is counseled on fraud and requests resumption of the transfer.

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